

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF QWEST COMMUNICATIONS )  
CORPORATION FOR AN ORDER AUTHORIZING ) CASE NO. 95-584  
CHANGE IN OWNERSHIP )

O R D E R

On February 14, 1996, Qwest Communications Corporation ("Qwest") filed an application pursuant to KRS 278.020 requesting approval for the reorganization of its corporate structure and the transfer of stock as part of the restructuring.

Qwest, a Delaware corporation, is authorized to provide intrastate long-distance telecommunications services in Kentucky pursuant to the Commission's Order dated December 28, 1994 in Case No. 94-366.<sup>1</sup> Qwest's articles of incorporation were also filed with the Commission in Case No. 94-366.

Qwest asserts that the proposed reorganization will not have any negative effect on consumers of telecommunications services in Kentucky or in any way hinder Qwest's ability to provide telecommunications services in Kentucky. Qwest also asserts that it will, after the reorganization, maintain its Kentucky certificate and possess the same financial, technical and managerial ability to provide telecommunications services.

Furthermore, Qwest asserts that its Board of Directors and Senior Management, including the President and Chief Executive

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<sup>1</sup> Case No. 94-366, Application of Southern Pacific Telecommunications Company for a Certificate of Public Convenience and Necessity to Operate as a Provider of Telecommunications Services in the State of Kentucky.

Officer of the resulting entities, will not change if the proposed reorganization is approved.

The proposed transaction will consist of the transfer by Anschutz Company, Qwest's 100 percent parent, of all the stock of Qwest to a newly-formed 100 percent subsidiary, Qwest Holding Corporation ("QHC"), in exchange for newly-issued stock of QHC. Anschutz Company will then cause QHC to immediately form a 100 percent subsidiary, Qwest Corporation ("QC"), and transfer all the stock of Qwest to QC in exchange for newly-issued stock of QC. QC will serve as a holding company for Qwest.

As a result of the internal restructuring, Qwest will be a wholly-owned subsidiary of QC, QC will be a wholly-owned subsidiary of QHC, and QHC will be a wholly-owned subsidiary of Anschutz Company.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.

The Commission finds that the proposed transaction involves the acquisition and transfer of control of Qwest, a jurisdictional utility. Hence, KRS 278.020(4) is applicable. KRS 278.020(5) is not applicable, however, because the proposed transaction qualifies for an exemption that is found in subsection (6)(b) of the statute. That subsection exempts utilities from the provisions of subsection

(5) if the acquisition of control of the utility is, as it is here, for purposes of corporate reorganization.

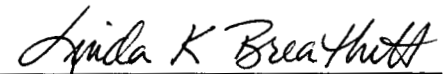
Having reviewed Qwest's application and being otherwise sufficiently advised, the Commission finds that the proposed transaction should be approved because it is consistent with the public interest and will take place in accordance with law and for a proper purpose. The Commission has previously determined, in Case No. 94-366, that Qwest possesses the financial, technical, and managerial abilities to provide reasonable service in Kentucky.

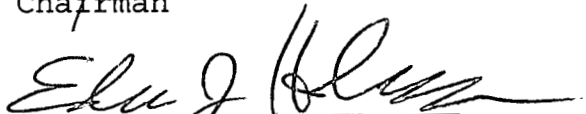
IT IS THEREFORE ORDERED that:

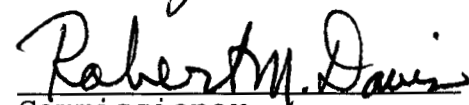
1. The proposed transaction is approved.
2. Qwest shall notify the Commission of the closing of the proposed transaction within 10 days of the closing date.
3. If the proposed transaction does not occur, Qwest shall notify the Commission.

Done at Frankfort, Kentucky, this 26th day of March, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director